GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1374
ANSWERED ON:08.08.2011
WARSHIP PROJECTS
Sugumar Shri K.

Will the Minister of DEFENCE be pleased to state:

(a) whether several warship construction projects of the Navy are running behind the schedule;

(b) if so, the details thereof and reasons therefor, project-wise;

(c) the details of the cost escalation due to delay;

(d) the current status of each of the projects; and

(e) the steps being taken by the Government to check further delay in the projects?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (e): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 1374 FOR ANSWER ON 8.8.2011

Some of the warship construction projects of the Navy running behind schedule are Project-15A, Project-17 and Project-28. The cost escalation in these projects has been about 225% for Project-15A, about 260% for Project-17 and about 157% for Project-28.

The major cost escalation & delay has been due to uncertainties associated with the complex warship building process. Project-wise reasons for delay and cost escalations are as follows:

P-15A: The main reasons contributing towards cost escalations are − delay in supply of warship building quality steel by Russia, escalation due to increase in expenditure towards services of Russian Specialists on account of inflation during the build period, impact of Wage revision due from October 2003 and finalization of cost of weapons and sensors.

P-17: The main reasons contributing towards cost escalations are − delay in supply of warship building quality steel by Russia, delay in acquisition of weapon equipment from Russia, and delay in finalization of propulsion equipment in view of complex combined diesel and gas arrangement introduced for the first time in Indian Navy frigate.

P-28: Navy was using D40S/B- quality high tensile strength steel for construction of war ships; however, due to high cost of import, indigenously developed DMR 249A steel was decided to be used on P-28 ships. However, there was delay in development of indigenous steel and associated complexities related to development of new weld consumables and welding techniques. The delay in identification of suitable propulsion package to meet stealth requirement of ships and delay in development of indigenous weapons and sensors also resulted in cost escalation.

Ships of P-15A are scheduled to be delivered by March 2012, March 2013 and March 2014. The first ship under P-17 has been commissioned on 29th April 2010. The 2nd and 3rd ships are expected to be commissioned in August 2011 and early 2012 respectively. Ships of P-28 are expected to be delivered by June 2012, March 2013, March 2014 and January 2015.

The steps taken by the Government to check further delay in these projects are as follows:

Six monthly review by an Apex Steering Committee, under the Chairmanship of Secretary (DP).

Quarterly review by committee under the chairmanship of Controller of Warship Production & Acquisition (CWP&A), with members from Ministry of Defence (Acquisition Wing) / Department of Defence Production / Ministry of Defence (Finance) / Directorate General of Quality Assurance / Design & Production Directorate / Controller of Defence Account (Navy) / shipyard.

Working Level Meetings (WLM), held generally on monthly basis or as and when required.

In addition to above, Vice Chief of Naval Staff also reviews the projects. Further, the shipyards and Integrated Headquarters of Ministry of Defence (Navy) are connected through Video Conference for resolving the day to day queries/issues.